

ASSEMBLY BILL

No. 2181

Introduced by Assembly Member Galgiani

February 23, 2012

An act to amend Section 927.2 of the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2181, as introduced, Galgiani. State government: prompt payment of claims.

The California Prompt Payment Act dictates that a state agency that fails to make a timely payment for goods or services acquired pursuant to a contract with a specified business or organization is subject to a late payment penalty.

This bill would include, within the list of specified businesses and organizations, state-certified small businesses working on the development, design, and construction of California's high-speed rail system under the California High-Speed Rail Act.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 927.2 of the Government Code is
- 2 amended to read:
- 3 927.2. The following definitions apply to this chapter:
- 4 (a) "Claim schedule" means a schedule of payment requests
- 5 prepared and submitted by a state agency to the Controller for
- 6 payment to the named claimant.

1 (b) “Grant” means a signed final agreement between any state
2 agency and a local government agency or organization authorized
3 to accept grant funding for victim services or prevention programs
4 administered by any state agency. Any such grant is a contract and
5 subject to this chapter.

6 (c) “Invoice” means a bill or claim that requests payment on a
7 contract under which a state agency acquires property or services
8 or pursuant to a signed final grant agreement.

9 (d) “Medi-Cal program” means the program established pursuant
10 to Chapter 7 (commencing with Section 14000) of Part 3 of
11 Division 9 of the Welfare and Institutions Code.

12 (e) “Nonprofit public benefit corporation” means a corporation,
13 as defined by subdivision (b) of Section 5046 of the Corporations
14 Code, that has registered with the Department of General Services
15 as a small business.

16 (f) “Nonprofit service organization” means a nonprofit entity
17 that is organized to provide services to the public.

18 (g) “Notice of refund or other payment due” means a state
19 agency provides notice to the person that a refund or payment is
20 owed to that person or the state agency receives notice from the
21 person that a refund or undisputed payment is due.

22 (h) “Payment” means any form of the act of paying, including,
23 but not limited to, the issuance of a warrant or a registered warrant
24 by the Controller, or the issuance of a revolving fund check by a
25 state agency, to a claimant in the amount of an undisputed invoice.

26 (i) “Reasonable cause” means a determination by a state agency
27 that any of the following conditions are present:

28 (1) There is a discrepancy between the invoice or claimed
29 amount and the provisions of the contract or grant.

30 (2) There is a discrepancy between the invoice or claimed
31 amount and either the claimant’s actual delivery of property or
32 services to the state or the state’s acceptance of those deliveries.

33 (3) Additional evidence supporting the validity of the invoice
34 or claimed amount is required to be provided to the state agency
35 by the claimant.

36 (4) The invoice has been improperly executed or needs to be
37 corrected by the claimant.

38 (5) There is a discrepancy between the refund or other payment
39 due as calculated by the person to whom the money is owed and
40 by the state agency.

1 (j) “Received by a state agency” means the date an invoice is
2 delivered to the state location or party specified in the contract or
3 grant or, if a state location or party is not specified in the contract
4 or grant, wherever otherwise specified by the state agency.

5 (k) “Required payment approval date” means the date on which
6 payment is due as specified in a contract or grant or, if a specific
7 date is not established by the contract or grant, 30 calendar days
8 following the date upon which an undisputed invoice is received
9 by a state agency.

10 (l) “Revolving fund” means a fund established pursuant to
11 Article 5 (commencing with Section 16400) of Division 4 of Title
12 2.

13 (m) “Small business” means a business certified as a “small
14 business” in accordance with subdivision (d) of Section 14837,
15 *including certified small businesses engaged in the development,*
16 *design, and construction of California’s high-speed rail system*
17 *pursuant to the California High-Speed Rail Act (Division 19.5*
18 *(commencing with Section 185000) of the Public Utilities Code).*

19 (n) “Small business” and “nonprofit organization” mean, in
20 reference to providers under the Medi-Cal program, a business or
21 organization that meets all of the following criteria:

- 22 (1) The principal office is located in California.
23 (2) The officers, if any, are domiciled in California.
24 (3) If a small business, it is independently owned and operated.
25 (4) The business or organization is not dominant in its field of
26 operation.
27 (5) Together with any affiliates, the business or organization
28 has gross receipts from business operations that do not exceed
29 three million dollars (\$3,000,000) per year, except that the Director
30 of Health Services may increase this amount if the director deems
31 that this action would be in furtherance of the intent of this chapter.